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**STANDING COMMITTEE ON
INFORMATION TECHNOLOGY
(2006-2007)**

FOURTEENTH LOK SABHA

**MINISTRY OF COMMUNICATIONS AND
INFORMATION TECHNOLOGY
(DEPARTMENT OF TELECOMMUNICATIONS)**

*[Action taken by Government on the Recommendations/Observations
of the Committee contained in their Thirtieth Report
(Fourteenth Lok Sabha) on Demands for Grants (2006-07)]*

FORTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2007/Phalguna, 1928 (Saka)

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INFORMATION TECHNOLOGY
(2006-2007)

(FOURTEENTH LOK SABHA)

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Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

March, 2007/Phalguna, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON INFORMATION TECHNOLOGY
(2006-2007)

Shri Nikhil Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri Abdullakutty
3. Shri Nikhil Kumar Choudhary
4. Shri Sanjay Shamrao Dhotre
5. Smt. Jayaprada
6. Shri Bhubaneshwar Prasad Mehta
7. Shri Harish Nagpal
8. Shri G. Nizamuddin
9. Shri Sohan Potai
10. Shri Lalmani Prasad
11. Kunwar Jatin Prasad
12. Shri Vishnu Deo Sai
13. Shri Tufani Saroj
14. Shri Tathagat Satpathy
15. Shri K.V. Thangkabalu
16. Shri P.C. Thomas
17. Shri Kinjarapu Yerrannaidu
- *18. Smt. Rubab Sayeda
- **19. Shri Narahari Mahato
- ##20. Shri Badiga Ramakrishna
21. Vacant

* Nominated *w.e.f.* 25th September, 2006 in place of Shri Rajnarayna Budholiya, MP (L.S.)

** Nominated *w.e.f.* 28th November, 2006.

Nominated *w.e.f.* 23rd February, 2007.

Rajya Sabha

- #22. Vacant
- 23. Shri Praveen Rashtrapal
- 24. Shri Ravi Shankar Prasad
- 25. Shri Dara Singh
- 26. Shri A. Vijayaraghavan
- 27. Shri N.R. Govindraj
- 28. Shri Motiur Rahman
- 29. Shri Eknath K. Thakur
- 30. Shri Shyam Benegal
- 31. Shri Rajeev Chadrsekhar

SECRETARIAT

- 1. Shri Rajagopalan M. Nair — *Additional Secretary*
- 2. Shri P. Sreedharan — *Joint Secretary*
- 3. Shri Cyril John — *Deputy Secretary*
- 4. Shri D.R. Mohanty — *Executive Officer*

[#]Vacated dated 15th December, 2006.

INTRODUCTION

I, the Chairman Standing Committee on Information Technology (2006-07) having been authorised by the Committee to submit the Report on their behalf, present this Fortieth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Thirtieth Report (Fourteenth Lok Sabha) on Demands for Grants (2006-2007) relating to the Department of Telecommunications.

2. The Thirtieth Report was presented to Lok Sabha on 2.8.2006 and laid in Rajya Sabha the same day. The Department furnished Action Taken Notes on the Recommendations/Observations contained in the Report on 2.11.2006.

3. The Report was considered and adopted by the Committee at their sitting held on 20.3.2007.

4. For facility of reference and convenience Recommendations/Observations of the Committee have been printed in bold letters in the body of the Report.

5. An analysis of Action Taken by Government on the Recommendations/Observations contained in the Thirtieth Report (Fourteenth Lok Sabha) of the Committee is given at Annexure-II.

NEW DELHI;
20 March, 2007

29 Phalgun, 1928 (Saka)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

CHAPTER I

REPORT

This Report of the Standing Committee on Information Technology deals with action taken by Government on the recommendations/ observations of the Committee contained in their Thirtieth Report (Fourteenth Lok Sabha) on "Demands for Grants (2006-2007)" pertaining to the Department of Telecommunications (DoT).

2. The Thirtieth Report was presented to Lok Sabha on 02.08.2006 and was also laid on the Table of Rajya Sabha on the same day. It contained 34 recommendations/observations.

3. Action Taken Notes in respect of all the recommendations/ observations contained in the Report have been received and categorized as under:—

- (i) Recommendations/Observations which have been accepted by the Government:

Para Nos:—1, 2, 3, 4, 6, 7, 8, 10, 11, 12, 13, 14, 15, 17, 19, 20, 22, 23, 24, 25, 27, 29 & 30

(Total : 23)

(Chapter-II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the reply of the Government:

Para No:—9

(Total : 01)

(Chapter-III)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Para Nos:—5, 16, 18, 21 & 26

(Total : 05)

(Chapter-IV)

- (iv) Recommendations/Observations in respect of which replies are of interim nature:

Para Nos:—28, 31, 32, 33 & 34

(Total : 05)

(Chapter-V)

4. The Committee trust that utmost importance would be given to the implementation of the recommendations/observations accepted by the Government. In cases, where it is not possible for the Department to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that Action Taken Notes on the recommendations/observations contained in Chapter-I and final action taken replies to the recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

A. Teledensity & Rural Telephony

(Paragraph No. 5)

5. In their Thirtieth Report, the Committee, taking note of the Private Sectors dynamism in the impressive growth of urban telephony, had desired that the entrepreneurial skill displayed by Private Operators in urban areas should be extended to rural areas also in view of the meagre rural teledensity. The Committee also recommended that the Department of Telecommunications should make elaborate plans and extend all possible support to the service providers in this regard.

6. The Department in their Action Taken Note have stated that tenders were floated for extending subsidy support for installation, operation and maintenance of individual rural household DELs (RDELs) in 1685 eligible SDCAs out of the total of 2647 SDCAs in the country, where cost of providing telephone connection is more than the revenue earned. This covers about 64% of the total geographical area covered by telecommunications. A total number of 7 Service Providers participated in the tendering process and there was keen competition amongst the bidders. As an outcome of the competitive bidding, agreements were signed in March 2005 with four successful bidders, namely Bharat Sanchar Nigam Limited, Reliance Industries Limited, Tata Telecommunications Limited and Tata Telecommunications Limited (Maharashtra) for provision of RDELs after 01.04.2005. The share of SDCAs amongst Bharat Sanchar Nigam Limited, Reliance Industries Limited, Tata Telecommunications Limited and Tata Telecommunications Limited (Maharashtra) is 1267, 203, 172 and 43 SDCAs respectively. About 7,47,151 RDELs have been provided by Bharat Sanchar Nigam Limited (4,40,286), Reliance Industries Limited (75,510), Tata Telecommunications Limited (2,02,217) and Tata Telecommunications Limited (Maharashtra) (29,138) till July, 2006.

The Department have further stated that the growth in urban areas has come primarily through mobile telephones. It is cheaper to provide mobile connections and the roll out is faster. With this in mind, the proposal regarding extension of subsidy support for creation of infrastructure to provide mobile services in rural and remote areas has been got approved. Subsidy support is proposed to be provided for shareable components like land, tower, power connection, power back up, boundary wall etc. and for non-shareable components like outdoor BTS with antennas and a portion of the backhaul. The infrastructure shall be created in those specified areas where there is no existing mobile coverage and the same shall be shared amongst the telecom service providers. While a bill to amend Indian Telegraph Act has been introduced in Parliament, the President has promulgated an ordinance "The Indian Telegraph (Amendment) Ordinance, 2006" to amend Section 3 of Indian Telegraph Act, 1885 thereby extending subsidy support for creation of infrastructure to promote mobile services in rural and remote areas.

7. The Committee are aware that the growth in urban areas has come primarily through mobile telephones as it is cheaper to provide mobile connections and the roll out is faster. Keeping this in mind the Committee, in their Thirty-Fourth Report, had agreed with the proposal for extending subsidy support from USOF for creation of infrastructure to promote mobile services in rural and remote areas. The Committee note with satisfaction that the proposal regarding extension of subsidy support in terms of shareable components like land, tower, power connection etc. and non-shareable components like outdoor BTS with antennas for creation of infrastructure to provide mobile services in rural and remote areas has already been got approved by the Government. The Committee feel that the step taken in this regard is in the right direction and desire the Government to act faster and extend subsidy support to create shareable infrastructure for provision and expansion of mobile services in the hitherto neglected rural and remote areas. The Committee also recommend that the Department should ensure that the Service Providers set up the required number of Rural Direct Exchange Lines (RDELs) in the designated Short Distance Charging Areas (SDCAs) as per the contractual agreements signed in March, 2005.

B. Lesser Utilisation of funds by BSNL

(Paragraph No. 16)

8. Observing lesser utilization of funds by BSNL during the years 2003-2004 and 2004-2005 involving non-completion of Projects/Schemes

and non finalization of the accounts for the year 2005-2006, the Committee in their earlier Report impressed upon BSNL, to take corrective measures in order to ensure timely completion of Projects/ Schemes targeted during the year 2006-2007 and thereby optimally utilizing the outlay proposed for the fiscal.

9. The Department in their Action Taken Note have stated that the actual capital expenditure incurred during 2005-06 was Rs. 7248 crores against RE sanctioned for Rs. 15463 crores. This is due to non-completion of some of the projects in time and therefore, non release of payments against such projects. BSNL, being a Public Sector Undertaking, has to follow transparent departmental procedure which certainly takes more time.

Regarding full utilization of funds during 2006-07, the Department have stated that all efforts are being made to minimise procedural delays and thus completing the projects in time. Since major thrust is on Cellular Mobile, BSNL has set up project coordination team in each of the circles which is monitoring these projects on daily basis. Also, BSNL Head Quarter is regularly monitoring the project through weekly reports and through monthly zonal meetings. BSNL is also pursuing the matter with WPC for availability of spectrum and with respective agencies for timely availability of power connections, land and permission for installation of towers.

10. The Committee are highly dissatisfied to note that the actual capital expenditure incurred by BSNL during the year 2005-2006 was Rs. 7248 crore against the RE sanctioned amount of Rs. 15,463 crore reportedly due to non-completion of some of the Projects in time. The Department's statement that BSNL being a Public Sector Undertaking has to follow transparent Departmental procedure which certainly takes more time does not convince the Committee in view of the fact that less than fifty per cent utilization of the approved amount by the Company in a particular year cannot be condoned, reasons whatsoever notwithstanding, least of all for following transparent procedure which is expected in every PSU. The Committee, therefore, desire that the Department should make all efforts to remove the procedural delays for optimum utilisation of funds and ensure timely completion of the projects as per the targets laid down in this behalf.

C. Physical Targets and achievements by BSNL in Assam, North-Eastern Region and Tribal Sub-Plan (TSP) Areas

(Paragraph No. 18)

11. Taking note of the anticipated shortfalls in the achievement of targets in certain schemes by BSNL in Assam, North-Eastern Region and Tribal Sub-Plan (TSP) Areas reportedly due to difficult terrain including the geographical and topographical circumstances and non-

receipt of additional equipment from the vendors, the Committee in their Report felt that while difficult geographical and topographical conditions would remain natural hindrances, procedural constraints like non-receipts of equipment in time should not come in the way of providing telecom services there. They stressed the need for advance corrective measures accordingly followed by regular monitoring to achieve the 2006-2007 targets in Assam, N.E. region and TSP areas. The Committee also desired that the fund requirement for the purpose should be worked out at the earliest in order to avoid any problem to achieve the target in these areas.

12. The Department in their Action Taken Note have furnished the following two statements showing the targets and achievements during the year 2005-2006 and 2006-2007 (up to 30th June, 2006) in Assam, N.E.-I and N.E.-II Circles:—

2005-2006

Sl.No.	Item	Assam		N.E.-I		N.E.-II	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	DELs	1,41,119	2,51,531	48,881	51,696	48,952	93,467
2.	VPTs	2,050	1,759	425	9	200	39
3.	Internet	11,017	3,143	5,749	4,590	6,330	4,746
4.	Broadband	5,000	3,915	1,500	1,022	750	360
5.	OFC Laid (RKMs)	600	635	1,000	528	1,000	115
6.	TAX (KC)	13	13	4	4	7	7

2006-2007 (Upto 30.06.2006)

Sl.No.	Item	Assam		N.E.-I		N.E.-II	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	DELs	41,200	60,157	63,300	17,625	54,200	36,462
2.	VPTs	2,675	597	600	0	450	82
3.	Internet	5,500	1,314	4,200	411	5,700	582
4.	Broadband	5,800	1,201	2,100	199	2,100	37
5.	OFC Laid (RKMs)	710	308	270	89	270	101
6.	TAX (KC)	20	16	6	0	2	0

Regarding the status of availability of equipment as on 30th June, 2006 for achieving the targets in Assam, N.E.-I and N.E.-II Circles, the Department have furnished the following statement:—

Sl.No.	Item	Assam	N.E.-I	N.E.-II
1.	Under Ground Cable (LCKM)	3.48	0.99	0.73
2.	Exchange equipment	10,000	—	—
3.	WLL equipment	2,250	56,250	14,250
4.	Cellular mobile equipment	30,000	55,000	36,500
5.	Broadband equipment (Ports)	0	1,340	3,768
6.	Tax equipment (Kilo Circuits)	33	0	10

The Department have further stated that in addition to the above, 4.14 LCKM Under Ground Cable, 34,500 lines of WLL equipment and 10,000 Ports Broadband equipment have been ordered for Assam.

The Funds allocated in respect of Assam, North East-I and North East-II Circles for the year 2006-2007 have been stated to be as follows:—

Sl.No.	Circle	Funds Allocated (Rs. in crores)
1.	Assam	452.00
2.	N.E.-I	229.00
3.	N.E.-II	255.00

As regards the targets and achievements in Tribal Sub-Plan (TSP) areas for the years 2005-2006 and 2006-2007 up to (30th June, 2006), the Department have furnished the following statement:—

Sl.No.	Item	2005-2006		2006-2007	
1.	Telephone Exchange (Nos.)	20	30	16	4
2.	DEls (Nos.)	10,08,393	9,81,110	14,48,696	1,93,580
3.	VPTs (Nos.)	10,119	2,605	9,423	107
4.	OFC laid (RKMs)	4,134,	1,129	3,149	209
5.	Satellite Station (Nos.)	22	1	44	Nil

The Department have further stated that for TSP areas, equipment is deployed but the circle as per requirement from its total allotment. The Fund requirement for TSP areas for the year 2006-2007 is Rs. 594.24 crore.

13. The Committee note that during the year 2005-2006 the targets for Village Public Telephones in Assam, North East-I and North East-II Circles and Tribal Sub-Plan areas were 2,050; 425; 200 and 10,119 respectively whereas the corresponding achievements were 1,759; 9; 39 and 2,605 only. Similarly in Internet & Broadband, the targets for Assam were 11,017 and 5000 whereas the achievements were 9,336; 1,382 and 643 (RKms). In Tribal Sub-Plan areas the targets for Optical Fibre Cable and Satellite Stations during the same year were 4,134 (RKms) and 22 while the achievements were 1,129 RKms and 1 respectively. The Committee also find that the target and achievement ratio during the year 2006-2007 (upto 30th June, 2006) in the above mentioned areas is dismal. For example, in Assam the target for Village Public Telephones, Internet, Broadband and Optical Fibre Cable during the year 2006-2007 were 2,675; 5; 500; 5800 and 710 RKms respectively whereas the corresponding achievements were 597, 1314, 1201 and 308 RKms. Similarly in North East-I and North East-II circles the targets in the above mentioned schemes were 1150, 9900, 4200 and 540 RKms respectively whereas the corresponding achievements were 82, 993, 236 and 190 (RKms) only. In Tribal Sub-Plan areas the targets in Telephone Exchanges, Direct Exchange Lines (DELs), Village Public Telephones, Optical Fibre Cable and Satellite Stations during the same year were 16; 14,48,696; 9,423; 3,149 (RKms) and 44 respectively while the corresponding achievements as on 30th June, 2006 were 4,1,93,580; 107; 209 (RKms) and Nil. The Committee express their serious concern over the dismal performance of BSNL during the last two years in achieving the planned targets in some of the important schemes in Assam, North East-I and North East-II circles as well as the Tribal Sub-Plan areas, as indicated above. The Committee acknowledge the prevailing difficult geographical and topographical conditions, a permanent feature of these areas, which act as a hurdle for BSNL in achieving the targets. The Committee also take into account the yeoman's service single handedly rendered by BSNL in the rural and remote areas of the country over the years despite the entry of multiple players into the telecommunications field. Obviously, the expectation from and aspirations on BSNL are enormous especially in view of the reluctance of the Private Operators to provide telecommunications services in the rural and remote areas. The Committee, therefore, urge the company to make all possible efforts to achieve the 2006-2007 targets in Assam, North East-I and

North East-II Circles and the Tribal Sub-Plan areas, regardless of the constraints.

D. Outstanding dues of BSNL

(Paragraph No. 21)

14. Being not satisfied with the measures taken by BSNL to recover an amount of approximately Rs. 4000 crores which was outstanding as on 31 December, 2005 against the Basic, WLL and cellular subscribers of the company, the Committee in their earlier report had urged BSNL to take recourse to additional effective methods for early recovery of the outstanding dues.

15. The Department in their Action Taken Note have stated that the outstanding dues of telephone bills as on 31.03.06 were Rs. 3736.04 crore (Rs. 3299.46 crore for landline services and Rs. 436.58 crore for mobile services). BSNL was able to reduce Rs. 92.64 crore outstanding of basic services just in 2 months against issue of bills of Rs. 3169.13 crore during Feb-06 to Mar-06.

The Department have further submitted that the outstanding dues do not belong to one particular year but have accumulated over a number of years. The Telecom market has undergone change over the past 10 years. Deregulation and increase in number of service providers, has made it easier than ever before for the customers to switch between service providers so that disconnection is no longer a threat as it once was. An incumbent operator like BSNL, who, in a monopoly environment was able to use threat of disconnection to ensure payment, suddenly found that its customer base was able to switch over to other service providers, leaving unpaid bills behind. Also few customers come forward for reconnection after disconnection, as they are able to switch over from landline to mobile/land line of other operators.

It has also been stated that if the outstanding dues as on 31.03.2006 are compared with total cumulative billing from 1991-92 to 2005-06, the percentage of outstanding dues to total billing during the period are less than 2% (1.62%). However, BSNL is very much aware of its outstanding dues and is taking all necessary steps as enumerated below for recovery of the same:—

- (a) Instructions have been given for separate monitoring of Billing & Collections of High Callers who contribute major revenue for the department.

- (b) The phone is permanently closed after 3 months from the date of disconnection. If outstanding can be adjusted against the deposit, it is adjusted and the balance deposit is refunded to the customer. If outstanding is more than the deposit: the balance outstanding amount after adjusting deposit is transferred to pursuit cell for recovery. Instruction have been issued to the circles to hold meeting of liquidation boards and high power committees on time and at regular intervals and give suitable directions for recovery and write off of dues, which seems irrecoverable. Recovery and write off policies are being reviewed and monitored so that pace of liquidation and recovery is increased.
- (c) The State Governments have been requested to amend land revenue act so that Telephone bill defaulter is also treated as land revenue defaulters.
- (d) BSNL Head Quarters has authorised Heads of circles to Appoint private Recovery agents etc. on commission basis to assist BSNL in recovery. State Governments have also been taken into confidence to assist BSNL in recovery of outstanding dues.
- (e) Instructions have been issued to the circles for payment of discount ranging between 10% to 20% to subscribers on payment of outstanding dues of over 2 years.
- (f) Existing Write off policy is also being modified for simplification of write off procedure and delegating more powers to circles to write off dues expeditiously. The tread of accumulation of outstanding may not be seen in years to come as company's major chunk of revenue shall be realized in advance through pre-paid services being introduced in fixed line segments.
- (g) Instruction has also been issued to the circles/SSAs to authorize them to settle the cases of defaulters (including court cases) through Lok Adalats or through out of court cases by offering the discount package between 10% to 20% for 2 years old outstanding dues along with waiver of interest and adjustment of legal expenses with discount.
- (h) Pre-paid service has also been introduced to increase collection efficiency and to minimize instances of default by subscribers.

16. The Committee note that the outstanding dues of BSNL telephone bills as on 31 March, 2006 stood at Rs. 2736.04 crore, the

breakup being Rs. 3299.46 crore for landline services and Rs. 436.58 crore for mobile services. BSNL's claim of recovery of Rs. 92.64 crore in just two months *i.e.* February & March, 2006 does not satisfy the Committee in view of the whopping amount, *i.e.* more than Rs. 3,600 crore which is yet to be recovered from the defaulting subscribers. The Committee are well aware that the outstanding dues do not belong to one particular year, but have accumulated over a number of years. That is precisely why the Committee have been recommending in almost all their Reports on Demands for Grants that BSNL should take all prudent measures to recover the outstanding dues from the defaulting subscribers. But it seems that due to lack of the required seriousness on the part of the Company to recover the outstanding dues, the same has taken a huge proportion over the years. So far as the monopoly environment in which BSNL was able to use threat of disconnection to ensure payment was concerned it was to end sooner than later due to the rapid changing telecom scenario and BSNL should have foreseen such a situation and taken adequate precautionary measures. However, now that BSNL is taking all the necessary steps for recovery of the outstanding dues, the Committee hope that BSNL would succeed in its endeavour and check the outstanding dues from compounding further. The Committee would like to be kept informed of the status of the recovery.

E. Outstanding dues of MTNL Telephones

(Paragraph No. 26)

17. Expressing their displeasure over the outstanding arrears of telephone bills which stood at Rs. 1,330.64 crore as on 28th February, 2006 in Delhi and Mumbai, despite a number of measures initiated by MTNL, the Committee in their earlier Report were inclined to conclude that MTNL was perhaps lacking in the implementing and monitoring aspects and recommended the company to further strengthen its monitoring mechanism besides taking other prudent measures to recover the outstanding dues.

18. The Department in their Action Taken Note have stated that due to concerted efforts of MTNL to reduce outstanding dues, there has been substantial reduction of old outstandings pertaining to Basic Services and CDMA to the tune of Rs. 205 crore (pertaining to period prior to 31.03.2005) in the Financial Year 2005-2006 wherein the outstanding dues of Rs. 1163 crore up to 31.03.2005 were reduced to Rs. 958 crore as on 31.03.2006. This is a reduction of 17.63%.

In respect of GSM it has been stated that the rate of increase in outstanding dues of GSM has been arrested since billing system has further stabilized. Concerted efforts are being made to reduce the outstanding dues of GSM through regular issues of bills, bill alerts through SMS, etc.

With increased efforts to recover outstanding dues, the same upto 28.02.2006 came down from Rs. 1330.64 crore to 1272.67 crore, *i.e.* a reduction of Rs. 57.97 crore by 31.03.2006. The details are as follows:—

Service	As on 28.02.2006 (Rs. in crore)	As on 31.03.2006 (Rs. in crores)	Reduction in outstanding during March, 2006 (Rs. in crore)
Basic Services	1110.13	1053.25	56.88
CDMA	82.67	82.15	0.52
GSM	137.84	137.27	0.57
Total	1330.64	1272.67	57.97

The Department have further stated that for the first time in years, the trend of increasing outstanding was reversed. The overall (Basic & CDMA) reduced from Rs. 1163 crore as on 31.3.2005 to Rs. 1135 crore as on 31.3.2006. Therefore, it can be seen that the outstanding dues have come down during the Financial Year 2005-2006 due to the concerted efforts made by MTNL.

19. The Committee note that the total overall outstanding (Basic & CDMA) dues to MTNL was reduced from Rs. 1163 crore as on 31 March, 2005 to Rs. 1135.37 crore as on 31 March, 2006. The Committee also note that the outstanding dues on GSM services was Rs. 137.27 crore as on 31 March, 2006. The Committee, thus, find that the overall outstanding dues from MTNL telephones (Basic, CDMA & GSM) still stand at Rs. 1272.67 crore as on 31 March, 2006. The Department have stated that for the first time years, the trend of increasing outstanding was reversed. While recognising the efforts made by MTNL in this regard, the Committee recommend that the company should further intensify efforts and ensure that its legitimate dues are recovered effectively. The Committee would like to be kept apprised of the latest position.

F. Sharing of cell sites/towers

(Paragraph No. 30)

20. Recognising the need and benefit of sharing cell sites/towers across the country amongst various telecom service providers, the Committee in their earlier Report impressed upon the Department to make a study of the extent of sharing of cell sites/towers among the service providers, maintain a statistics thereof and subsequently promote and incentivise such sharing.

21. The Department in their Action Taken Note have stated that they have initiated action to promote sharing of towers in the urban areas and a scheme to promote creation of shared infrastructure in the rural areas is likely to be launched shortly.

22. The Committee would like the Department to periodically monitor and review the extent and utility of sharing of towers among the service providers in the urban areas. The Committee would also like to impress upon the Department to expedite and incentivise sharing of infrastructure in rural areas in view of the low teledensity there.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Paragraph No. 1)

The Committee note that the approved Plan Outlay of the Telecom Sector for the year 2006-07 is Rs. 19,509.13 crore including Budgetary Support of Rs. 218.61 crore. As against this, the Plan outlay for the year 2005-2006, including its Public Sector Undertakings (PSUs) was Rs. 11,801.01 crore with a Budgetary Support of Rs. 168.61 crore. In the 2005-2006 Revised Estimates, although the Plan Outlay was increased to Rs. 17,143.40 crore, yet the Budgetary Support was reduced to Rs. 102 crore. The reduction in the Budgetary Support was made mainly on account of reduction of Plan Outlay for Wireless Planning and Coordination Wing (WPC), Wireless Monitoring Organisation (WMO) and Centre for Development of Telematics (C-DOT) due to delay in completion, testing and delivery of different components of the World Bank Project as well as due to delay in acquisition of land and completion of civil works. The Department's statement that no Project or scheme was sacrificed due to reduction in the Budgetary Support is not at all convincing in view of the fact that non-completion of any Project/Scheme within the given time frame and carrying forward the same to subsequent fiscals adversely impact the budgetary assessment and approval. Moreover when a token provision of Budgetary Support is not utilized fully and has to be reduced at the RE stage, it tends to create bad precedents. The Committee, therefore, recommend the Department of Telecommunications (DoT) to ensure that its field/subordinate offices and the PSUs under the administrative control, complete their Projects/Schemes on time including the four new Projects *i.e.* setting up of Telecom Testing and Security Certification Centre (TETC), Technical Assistance, Undersea Cabling between the Mainland and Andaman & Nicobar (UM&AN) and OFC based network for Defence Services so that the 2006-2007 Budgetary Support of Rs. 281.61 crore is optimally utilized.

Action Taken by the Government

WPC/WMO

In so far as Plan allocations for WPC Wing is concerned, this is for implementation of World Bank assisted "National Radio Spectrum

Management and Monitoring System". The allocation during BE 2005-06 was Rs. 62.71 crore which was revised to Rs. 9.236 crore at RE 2005-06 stage. The reduction in allocation was made as it was thought that following facilities of the Project would not commence during the year 2005-06:

- (i) 20 SHF Mobile Monitoring Systems, as the Contractors were unable to present desired designs.
- (ii) SHF fixed facility at Jalna, as the Contractors were unable to present desired designs.
- (iii) Operational Acceptance and operational support of entire system due to above.

The Department has been vigorously pursuing with the Contractors for completion of the project at 24 locations (sites) spread throughout the country including WPC Wing, Wireless Monitoring Organization (WMO) Headquarters in Delhi and 22 wireless Monitoring Stations. Fabrication and installation works at these 24 sites have completed except at Siliguri. Besides this, 21 V/UHF Mobile Monitoring Systems (MMS) have been fabricated and installation of equipment has been completed. The Department has constituted multiple 'Acceptance Testing' teams of WPC Wing/WMO & the Contractors for acceptance of the facilities. The 'Acceptance Testing' at various sites either have been completed or in process. The Department of Telecommunications has advised its field offices to complete the project on time.

WMO

The Organisation is taking due care for expediting the various procedures related with the Civil works execution in coordination with Ministry of Urban Development and Internal Finance. As far as implementation of Technical Projects/Schemes of WMO is concerned, it is to state that once the facilities of on-going World Bank assisted National Radio Spectrum Management & Monitoring Systems Project (NRSMMMS) are completed and handed over to WMO by Project Implementation Unit, WPC, WMO will initiate its own schemes/projects as per its requirements in 11th Five Year Plan period.

Concerns of the committee are noted for future compliance.

OFC based network for Defence Services

For laying alternate communication network for Defence Services substantial work has been done by BSNL & MTNL. Full Telecom

Commission has already approved Rs. 980 crore for the project from the budget of DoT for Capital expenditure. Draft Note for CCEA for financial approval of Rs. 980 crore is under preparation. After approval, the funds will be released to BSNL/MTNL on the basis of scrutiny of their demands.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B dated 2.11.2006]

Recommendation (Paragraph No. 2)

The Committee note that the Department of Telecommunications has sought Rs. 2,729.87 crore during 2005-2006 as Supplementary Grants for transfer to USO Fund, providing compensation for rural telephony, reimbursement of licence fee and spectrum charges to BSNL etc. But a sum of Rs. 1729.87 crore only has been provided as Supplementary Grants as a result of which the committed liabilities are carried forward. The Committee feel that if timely and adequate compensation are not provided to the Telecom Service Providers for the economically unviable projects, provision of rural telephony is bound to suffer. They, therefore, impress upon DoT to earnestly pursue the matter with the Ministry of Finance so that the committed liabilities on account of payment of compensation to Telecom Service Providers are fulfilled on time.

Action Taken by the Government

A sum of Rs. 1766.85 crore was allocated and fully utilised against the estimated requirement of Rs. 2660 crore during the financial year 2005-2006. For Financial Year 2006-2007, a sum of Rs. 3500 crore was demanded for payment of committed liabilities and current year's subsidy claims and also for taking up new activity of providing infrastructure for mobile services in rural area. Against this a sum of Rs. 1500 crore has been allocated to USO Fund. For the shortfall in the budget allotment, requisition will be made for additional funds in 2006-2007 revised estimate. Matter will be pursued earnestly with the Ministry of Finance as desired by the Committee.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 3)

The Committee note that during the year 2004-2005 (BE & RE) a sum of Rs. 2,700 crore was estimated for the USO Fund whereas the actual allocation and utilization was Rs. 1314.85 crore only. Similarly

in the 2005-2006 BE, Rs. 5000 crore was estimated to the Fund but the same was reduced to Rs. 2,660 crore at the RE stage and the actual allocation and utilization was Rs. 1,750 crore only. A provision of Rs. 1,500 crore has been made in the Budget proposals for 2006-2007 against the estimated requirement of Rs. 3,500 crore. Thus, during the years 2004-2005, 2005-2006 and 2006-2007, the estimated requirement to the USO Fund was Rs. 11,200 crore where as the actual budgetary allocation has been Rs. 4564.85 crore only, leaving a shortfall of Rs. 6635.15 crore. The Committee are informed that for the shortfall in the budget allotment, requisition will be made for additional funds in the 2006-2007 Revised Estimates. If sufficient budgetary allocation is not made in the 2006-2007 RE also, the matter will be taken up with the Ministry of Finance and as a last resort, the unpaid liability, if any, will have to be carried forward to the next financial year. The Committee wonder, how long the committed and unpaid liability will have to be carried forward for want of adequate budgetary provision. It, therefore, becomes imperative on the part of the Department to forcefully present the case before the Planning Commission/Ministry of Finance to get adequate budgetary provision for the USO Fund for timely disbursement towards the committed liabilities. The Committee feel that the Department stand a good chance in this regard in view of the characteristics of the Universal Service Obligation and the consistently optimal utilization of USO Fund over the years.

Action Taken by the Government

Matter shall be forcefully presented before the Planning Commission/Ministry of Finance to get adequate budgetary provisions.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 4)

The Committee observe that so far Rs. 8,796.40 crore has been collected from various service providers towards Universal Service Levy (USL), the year-wise breakup being Rs. 1653.60 crore in 2002-2003, Rs. 2143 crore in 2003-2004, Rs. 3458.73 crore in 2004-2005 and Rs. 1542.07 crore in 2005-2006 (upto October 2005). According to the Department, the funds collected on account of the USO levy will be sufficient to support provision of village Public Telephones (VPTs), Rural Community Phones (RCPs), Public Telecom Information Centres (PTICs), Rural household Direct Exchange Lines (RDELs) and replacement of Multi Access Relay Radio (MARR) based VPTs, provided the levy is allotted to the USO Fund. In view of the fact that all the

above mentioned activities covered under Universal Service Support Policy (USSP) agreements are to be maintained and subsidy support to be provided during 2006-2007, the Committee would like the Department to explore all options for the smooth and timely transfer of the US levy to the USO Fund.

Action Taken by the Government

Collections towards Universal access levy are credited to the Consolidated Fund of India. Credit to the USOF are through Parliamentary approval. Matter is being taken up at the highest level for the smoother and timely transfer of the Universal access levy to the USO Fund.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 6)

The Committee note that out of the 6,07,491 villages in the country, 5,39,572 villages have been provided with Village Public Telephones (VPTs) as on 31 December, 2005 out of which 5,26,907 VPTs have been provided by BSNL alone. The Committee also observe that agreement for provision of VPTs in about 66,822 remaining villages has been signed with BSNL in November, 2004. Since then till 28 February, 2006, BSNL has been able to provide 20,277 VPTs. The Committee are informed that the remaining 22,545 villages are likely to be provided with VPTs by BSNL by November, 2007. It may be mentioned here that 24,000 villages, being insurgency prone and having a population of less than 100, are not to be covered as per the present policy. The Committee appreciate the efforts made by BSNL in providing VPTs in more than 90 per cent of villages and it remains a fact that but for the performance of BSNL in providing VPTs, the position of rural telephony would have been worse. The Committee hope that BSNL will continue the commendable job and provide VPTs in the remaining villages by November, 2007. The Department of Telecommunications should ensure that timely support is extended to the BSNL in the form of procurement of equipment, disbursement from USO fund etc. so that the company is able to provide the required VPTs by the deadline.

Action Taken by the Government

An agreement was signed with BSNL for providing VPTs in 66,822 uncovered villages. BSNL had provided 20,277 VTPs as on 28th February 2006. Since then it has provided 11414 more VPTs. Thus

total 31691 VPTs have been provided under the agreement as on 30.9.06. The performance of BSNL in implementing USOF activities is being reviewed on a monthly basis by the Secretary, Department of Telecom. All kind of support is being extended to BSNL.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B dated 2.11.2006]

Recommendation (Paragraph No. 7)

The Committee note that 46,253 villages with population exceeding 2000 and without a public phone facility are to be provided with a Rural Community Phone (RCP). In this context, the Committee find that the agreements were signed on 30 September, 2004 with BSNL and Reliance Infocom Ltd. for provision of 24,794 and 21,459 RCPs respectively. These RCPs are to be provided in a period of three years *i.e.* 20 per cent in the first year and 40 per cent each in the subsequent two years. The Committee are happy to find that a total of 20,756 RCPs have been provided till February, 2006 with both BSNL and RIL exceeding their respective targets. The Committee expect that both the Government owned undertaking and the Private Company will maintain the momentum and provide the required RCPs by September, 2007 for the benefit of the rural people.

Action Taken by the Government

Out of total 46253 RCPs to be provided under the agreement, BSNL has provided 19666 Rural Community Phones (RCPs) and Reliance Infocom Limited has provided 12106 RCPs, thus a total of 31772 as on 30.9.06.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 8)

The Committee note that a pilot project to set up 2,000 High Public Telecom and Info Centres (HPTICs) in 10 service Areas was planned initially. In the meanwhile, the Department of Information Technology (DIT) have undertaken a project to provide common service centres, on the lines of HPTICs, in one lakh villages for which concentration will now be towards that end. The Committee hope that both the Departments will work in tandem to provide voice and data access in one lakh villages initially and gradually extend the facilities to other villages in the country.

Action Taken by the Government

Coordinated efforts of Department of Information Technology and Universal Service Obligation Fund on the project of Common Service Centres, are expected to give a boost to information technology usage in rural areas.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 10)

The Committee note that for WPC, the BE 2005-2006 provided for an amount of Rs. 62.71 crore which was pruned to Rs. 9.24 crore at the RE stage. The overall dismal performance by the contractors has been cited as the reason for such reduction and poor utilization of funds. Pertinently, during the year 2004-2005 also, WPC was able to incur an expenditure of Rs. 3.28 crore only against the RE amount of Rs. 20 crore due to the same reasons. During this fiscal 2006-2007, an allocation of Rs. 15.61 crore has been made. The Committee are extremely concerned to find that year after year WPC has been unable to optimally utilize the Budgetary allocations despite its engagement in an important project called 'National Radio Spectrum Management and Monitoring' (NRSMM) because of the in action of a third party (the contractor) as a result of which the project which was scheduled to be completed by December, 2004 is still languishing. The Committee are surprised to note that the contractors have consistently failed to honour their contractual obligations and imposition of Liquidated Damages upon them has not improved the situation. The Committee, therefore, desire that the Department should consider imposing all possible penalties upon the defaulting contractors. Constitution of multiple Acceptance Testing teams by the Department and asking the contractors to rectify the anomalies observed by these teams, in a time bound manner seem to be steps in the right direction. The Committee recommend that the Department should vigorously persist with these measures so that the Project is accomplished in the concluding year of the Tenth Five Year Plan.

Action Taken by the Government

The Department has been vigorously pursuing with the Contractors for completion of the project at 24 locations (sites) spread throughout the country including WPC Wing. Wireless Monitoring Organization (WMO) Headquarters in Delhi and 22 Wireless Monitoring Stations. Fabrication and installation works at these 24 sites have been completed

except at Siliguri. Besides this, 21 V/UHF Mobile Monitoring systems (MMS) have been fabricated and installation of equipment has been completed. The Department has constituted multiple 'Acceptance Testing' teams of WPC Wing/WMO & the Contractors for acceptance of the facilities. The 'Acceptance Testing' at various sites either have been completed or in process. The Present status of the project is as under:—

- (a) The facilities installed at WPC Headquarter (Sanchar Bhawan) are complete and operational.
- (b) The facilities installed at Wireless Monitoring Headquarter (Pushpa Bhawan) are complete and operational.
- (c) The 'Acceptance test' at Wireless Monitoring Stations (sites) with antenna tower are yet to be performed as these require V/UHF mobile Monitoring Vehicles, which would be sent to these sites after their acceptance. At other 8 sites without antenna towers, the 'Acceptance test' have been completed and almost all the anomalies (except few minor issues) reported by the Acceptance team have been rectified by the Contractors. Out of twenty one V/UHF Mobile Monitoring vehicles under the Contract, twenty vehicles have been tested for various aspects except one important test namely 'System Sensitivity'. The remaining one vehicle is yet to be offered by the Contractors for testing. After the issue of 'system sensitivity' parameter is resolved, the vehicles will be sent to different monitoring stations.
- (d) The Super High Frequency (SHF) Mobile Monitoring System (MMS) and Fixed Facilities (at Jalna) under the National Radio Spectrum Management & Monitoring System (NRSMMMS) Project is under consideration for cancellation as the Contractors have failed to provide a design that meets the technical specifications of the Contract for which they had given fully complaint statement in their bid.

All the possible measures are being taken by the Department to accomplish the project except making some payments relating to operational acceptance in the concluding year of the Tenth Five Year Plan. The Department is also considering to forfeit the Performance Bank Guarantee and encash the advance paid to the Contractors against the SHF fixed and mobile facilities, part of the project which the contractors are unable to implement.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 11)

The Committee note that the total outlay in the Tenth Five Year Plan for WMO has been Rs. 49.45 crore to carry out the ongoing schemes as well as to undertake new schemes. Out of this amount, Rs. 28.80 crore has been earmarked for civil works and 20.65 crore for Technical Schemes. The expenditure on civil works till the end of financial year 2005-06 has been Rs. 14.99 crore and in the year 2006-2007, a further amount of Rs. 5 crore is expected to be incurred. Thus, there will be a savings of Rs. 9 crore (approximately) in the civil works. Similarly, on Technical Schemes a very nominal expenditure of Rs. 4 lakh has been incurred so far, as the thrust during Tenth Five Year Plan was mainly on Civil works for the World Bank Project. Thus, it is apparent that there will be sizeable savings in the utilization of the Tenth Plan Outlay. Delays in different stages such as preparation of various structural designs, preliminary estimates etc. have reportedly resulted in non-utilization of earmarked funds. The Committee are dissatisfied with the under utilization of funds by WMO during the Tenth Plan period, notwithstanding the reasons mentioned above. They, therefore, impress upon the Department to make preliminary estimates etc. well in advance during the Eleventh Plan Period so that WMO is able to optimally utilize the earmarked amount for the Civil Works as well as for the Technical Schemes.

Action Taken by the Government

The Organisation is taking due care for expediting the various procedures related with the Civil works execution in coordination with Ministry of Urban Development & and Internal Finance.

As far as implementation of Technical Projects/Schemes of WMO is concerned, it is to state that once the facilities of on-going World Bank assisted National Radio Spectrum Management & Monitoring Project (NRSMMMS) are completed and handed over to WMO by Project Implementation Unit, WPC, WMO will initiate its own schemes/projects as per its requirements in 11th Five Year Plan period.

Concerns of the committee are noted for future compliance.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 12)

The Committee note that the total outlay for C-DOT in the Tenth Five Year Plan has been Rs. 838 crore, the year-wise breakup being

Rs. 150 crore in 2002-2003, Rs. 162 crore in 2003-2004, Rs. 166 crore in 2004-2005 and Rs. 180 crore each in 2005-2006 and 2006-2007. The Committee also note that the 2004-05 BE and RE provided for an amount of Rs. 145.61 crore whereas the actual expenditure was Rs. 96.21 crore only. Similarly, the BE and RE for 2005-06 was Rs. 131.40 crore whereas the actual expenditure (provisional) has been Rs. 110.06 crore only. The Committee are constrained to observe that the likely shortfall in utilizing the total Plan Outlay of Rs. 838 crore would be in the order of Rs. 264 crore which is approximately one third of the total allocation. According to the Department, a paradigm shift from wireline to wireless technology, lesser expenditure on hardware due to the need to create more software infrastructure are some of the reasons for lower utilization of the earmarked funds for which C-DOT is working in the areas of software intensive projects, Next Generation Networks, wireless and Mobile solutions, Cell and Packet technologies for voice and data convergence, Backbone projects on Fibre and Satellite etc. The Committee feel that C-DOT has lacked foresightedness in its plan process. However, the Committee are happy that C-DOT has taken a number of measures to realign itself according to the new requirements. The Committee trust that C-DOT will continue its focus on development and deployment of Next Generation Networks, cost effective rural wireless solutions so that it is able to effectively utilize the 2006-07 BE provision of Rs. 143.70 crore. The Committee also hope that C-DOT will plan well for the Eleventh Plan in time with the developments that are taking place/likely to take place so that the allocations for the Eleventh Plan are utilized more efficiently.

Action Taken by the Government

The reasons for likely shortfall in utilizing total plan outlay of 10th five year plan had already been explained to the Hon'ble Committee.

C-DOT is now working on technologies which are considered as core technologies during the 11th five year plan along with their new versions and other additions.

C-DOT is providing full focus on Next Generation Networks, cost effective wireless solutions, optical fibres for high speed backbone and broadband access during the year 2006-07 to utilize the provisions of the year 2006-07.

Apart from completion of new technology products, C-DOT is also taking initiatives on projects related to national security requirements related to telecom during the eleventh five year plan. New study

projects of futuristic requirements have also been proposed during the last year of the present plan so that appropriate projects could be chosen out of those for their full execution during the eleventh five year plan. C-DOT will also continue to do work on software intensive projects and support required for the same. The Research & Development projects will be undertaken by C-DOT by itself as well as with support of the strategic partners to get access to the competitive market.

Considering that, during the tenth five year plan, the change from fixed line to wireless and other technologies was much faster than anticipated, C-DOT will keep proactive track of new developments and the work during eleventh plan will be done with greater foresightedness.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 13)

The Committee note that one Project titled "Institutional Capacity Building" has been introduced since 2005-06 by TRAI for conducting consultative studies on regulatory issues by engaging international consultants/consultancy firms of repute and to fulfil the training needs of TRAI officials. Towards that end, a provision of Rs. 3 crore was made in the 2005-06 BE. Accordingly, the Regulatory Body has completed six studies inclusive of one in-house study by spending Rs. 1.50 crore. A further amount of Rs. 1 crore is expected to be incurred by the end of the 2005-06 fiscal on two ongoing studies *i.e.* (i) study on Quality of Service and Consumer Satisfaction Survey, and (ii) Household Survey of cable viewing. Thus, there will be a shortfall of Rs. 50 lakh on the part of TRAI in utilising the 2005-06 Budgetary Provision. The Committee feel that conducting studies, interacting with international consultants and imparting trainings to its officials in a fast changing telecom scenario will certainly strengthen the institutional capacity of TRAI, only if, these studies are really beneficial and help TRAI to fulfil their responsibility of an effective Regulator. For that, TRAI has to closely monitor the content of the programmes and optimally utilise the earmarked budgetary provision. The Committee hope that in order to play the mandated role to perfection, TRAI will not only fully utilise the 2006-07 budgetary provision of Rs. 3.25 crore on the identified important studies but would also show the depth of its capabilities in regulating issues provided in its mandate.

Action Taken by the Government

The observations of the Standing Committee on Information Technology have been noted and TRAI will optimally utilize the

allocated funds on the basis of need and importance. The earlier identified studies as well as the studies that may be required to be taken up during this financial year will focus on the core areas aimed at increasing the delivery and services by TRAI.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 14)

The Committee note that during the years 2004-2005 and 2005-2006, the revised plan allocation for Telecom Disputes Settlement and Appellate Tribunal was Rs. 70 Lakh each whereas the expenditure during the corresponding years was Rs. 60 Lakh and Rs. 46 Lakh (as on 31 December, 2005) respectively. In the year 2003-2004, there was also a shortfall of Rs. 24 Lakh towards plan expenditure. The Committee are informed that TDSAT will be able to utilize the entire Budgetary allocation of Rs. 0.75 crore by the end of the 2006-2007 financial year. A similar assurance was given to the Committee last year also. However, the Committee believe that measures will be taken towards holding of seminars, upgradation of Reference Library etc. so that the 2006-2007 Budgetary provision is utilized optimally and gainfully.

Action Taken by the Government

During the year 2005-06, Plan allocation of Rs. 70 Lakhs was utilized fully for upgradation of the Reference Library, Study Tours of Hon'ble Chairperson and Members and training of officers of TDSAT as well as for holding of Seminars.

Steps to fully utilize the allocated funds of Rs. 75 Lakhs during the year 2006-07 have been taken.

The funds are being utilized for:—

- (1) Study Tours of Hon'ble Chairperson and Members and training of officers.
- (2) Seminars for increasing consumer awareness in regard to Dispute Resolution Mechanism.
- (3) Upgradation of Reference Library including maintenance of TDSAT's website and publication of reference material such as judgments etc.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 15)

The Committee observe that during the years 2004-2005 and 2005-2006 a total number of 334 cases *i.e.* 90 in 2004-2005 and 244 in 2005-2006 pertaining to interpretation of Licence Agreement & Policy, disputes on Interconnection, Spectrum, Revenue Sharing etc. were filed before TDSAT. As on 30th March, 2006, 201 cases are still pending with the Tribunal. The Committee recognize that the cases filed before TDSAT may be contentious and varied in nature which need several hearings before any verdict is given but they also feel that such cases should be disposed of expeditiously to enable the Tribunal to play its role as an Adjudicator of Telecom disputes efficiently and effectively.

Action Taken by the Government

One of the major reasons for pendency of cases is increased filing of cases pertaining to broadcasting and cable TV matters. The Tribunal is making efforts to dispose off every matter within the statutory limit of 90 days. However a mechanism has also been devised to inform the Hon'ble Bench the date of filing of the case, the date of completion of 60 days and the date of completion of statutory limit of 90 days in each case to facilitate the Hon'ble Bench to take suitable steps for expeditious disposal of the cases.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 17)

The Committee note that during the year 2005-2006 a target of 75 lakh Direct Exchange Lines (DELs), 620 kilo circuits of TAX, 15,000 Route Kms of Optical Fibre Cable (OFC) and 5,800 numbers of Village Public Telephones was fixed for BSNL. The achievement of targets, as on 28th Feb., 2006 has been stated to be 66.07 lakh DELs, 655 kilo circuit of TAX, 13,617 RKms of OFC and 11,899 VPTs. Thus, in two of the four schemes BSNL has already exceeded the target as on 28th Feb., 2006 and the Committee are happy to observe the Department's statement that no shortfall is anticipated in the achievement of targets in the remaining schemes by the end of the 2005-2006 fiscal. The Committee expect BSNL to display the same spirit and carry on the momentum while making efforts to achieve the 2006-2007 targets.

Action Taken by the Government

BSNL has exceeded targets in all schemes during 2005-06. All efforts will be made to achieve the target fixed for 2006-07. Details of targets

and achievements for the year 2005-06 and 2006-07 (till 30.09.2006) are given in the following table:

Sl.No.	Item	During 2005-06		During 2006-07	
		Target	Achievement	Target	Achievement (till 30.09.2006)
1.	DELS	75 Lakh	82.24 Lakh	100 Lakh	25.02 Lakh
2.	Rural DELs	8 Lakh	11.99 Lakh	10 Lakh	-61,664
3.	VPTs	5,800	16,333	20,000	5,628
4.	Internet Connection	8 Lakh	8.03 Lakh	8 Lakh	3.36 Lakh
5.	Broadband Conn.	4.5 Lakh	5.53 Lakh	6 Lakh	2,09,793
6.	OFC laid	15,000 Rkms	18,256 Rkms	24,000 Rkms	13,829 Rkms

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 19)

As regards target and achievement of Cellular Mobile Phones by BSNL during the year 2005-2006, the Committee find that against the target of 65 lakh Cellular Mobile Phones, BSNL has been able to achieve around 48.50 lakh such Phones as on 31st Dec., 2005. The Committee observe that Circles where the achievement of Mobile Phone targets are far from satisfactory include Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, North East I, Orissa and Punjab. As reported to the Committee, although on shortfall is anticipated at the national level by the end of the 2005-2006 fiscal, yet some circles like Calcutta Telephones and Punjab remain a cause of worry due to non-supply of equipment and fierce competition respectively. The Committee are not at all convinced with the reasoning advanced for BSNL's non-achievement of mobile phone targets in individual circles. The Committee are of the opinion that in the fast changing competitive telecom scenario where mobile phones have already outgrown for fixed phones, BSNL should resort to special marketing strategies to tap the immense mobile potential in individual circles, should it seriously contend to remain in business.

Action Taken by the Government

BSNL had set an initial target of 65 lakh Cellular Mobile Phones for the year 2005-06. A total of 77.16 lakh connection were actually

provided during the year. Though some circles like Jharkhand, Karnataka, NE-I and Orissa were behind the target in the initial part of year they could made up and also exceeded the target. In respect of Andhra Pradesh and Bihar and Kolkatta TD capacity could be realized during the last quarter of the year due to delayed roll out by the vendors. However these circles could also reach near to the target. In respect of Chhattisgarh, Gujarat, Madhya Pradesh and Maharashtra, delays in execution of work by M/s ITI resulted in non realization of capacities as per the time schedule. Only in Punjab circle BSNL had to contend with a negative growth.

A comprehensive Distribution and Sales Policy have been made to create a network for selling the BSNL products in general and mobile in particular. Target based incentive have been proposed so that channel partner shall be encouraged to work more and more for BSNL. Several schemes are being launched as per marketing conditions and due publicity on these schemes are being made. Circles have also been given financial power to launch promotional tariff as per market conditions. The net growth in cellular mobile connections countrywide has thus shown positive improvement in the month of August 2006.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 20)

The Committee are deeply concerned to note that 70,15,442 fixed line BSNL Telephones have been surrendered/disconnected during the last two financial years, the year wise break up being 34,17,052 in 2004-2005 and 35,98,390 in 2005-2006 (upto 28th Feb., 2006). Andhra Pradesh heads the individual Telecom. Circles with more than 5 lakh surrender/disconnection of telephones followed by Gujarat, Karnataka, Maharashtra, Tamil Nadu and Kolkata with more than 2 lakh such surrender/disconnection. The Committee note that BSNL conducted a study through an outside agency to ascertain the reasons for surrender/disconnection of BSNL Telephones. The main findings of the study *inter-alia* reveal that 20% of the subscribers were defaulters, 25% perceived that BSNL's monthly rent is high, 21 percent cited dissatisfaction with BSNL's services and 18 percent switched over to GSM mobile services. These figures are very much in line with the general feeling that the private sector performs better than the BSNL. In this context, the Committee would like to impress upon BSNL that prudent and corrective measures are warranted to leverage the quality of service provided by the company. The Committee also that more

focused attention should be paid towards provision of cellular mobile services as the subscribers have been showing a growing inclination towards such services. The Committee hope with such measures BSNL will be able to arrest and neutralize the impact of surrender of its fixed line telephones.

Action Taken by the Government

The net growth in landline telephony has been affected due to reasons such as preference of customers towards wireless services due to which surrenders in land line phones are being observed over the last few years. BSNL has been making all efforts to improve the quality of service and thus to arrest the surrenders. Some of the initiatives that BSNL has taken to improve the services and reverse this trend of surrendering of landlines include:

- (a) BSNL has launched Broadband in January 2005 and is offering these services to its landline customers.
- (b) The external plant faults which is the most vulnerable segment in the landline network is being improved by replacement of paper core cable by jelly filled cable. Thus, fault rate of BSNL fixed line has improved due to several actions taken to improve quality of services.
- (c) Rehabilitation of external plant.
- (d) Strengthening of computerized centralized fault booking and clearance system.
- (e) Reduction of subscriber loop length by installing more RSUs/RLUs/DLCs.
- (f) BSNL ONE INDIA tariff scheme has been launched *w.e.f.* 01.03.2006.
- (g) The rentals for basic phone (Wired line) have been reduced with effect from 01.01.2006.
- (h) It has been decided by BSNL to provide Feature phones (CLI) and cordless phones to their customers on a nominal rent.
- (i) CGMs of telecom circles have been empowered to launch circle based competitive tariffs to face the competitor's strategy.

However, it is seen that surrender of fixed lines have taken place in other countries also mainly due to availability of mobile phones.

Regarding provisions of cellular mobile services, it is to be stated that BSNL has focused its attention on mobile services. A target for providing 90 lakh new cellular mobile connections has been fixed for 2006-07. In addition, for meeting the growing demands of cellular connections, BSNL has planned to procure 63.5 million lines of GSM equipment for which tender has been opened and is under evaluation.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 22)

There has been a general complaint that the serving BSNL officers in the field allegedly colluded with the officers of the private operators and tarnished the name of BSNL by helping the private operators to give a better service. Incidents like selling of diesel meant for generators thereby making the generators unserviceable had come to notice of the Committee. Complaints were also made about retired officers joining the private sector companies either with or without permission and thereby helping the private operators through their continuing linkages with other officers in BSNL. Needless to point out, all such alleged incidents bring a bad name to BSNL and also adversely affect the expansion of BSNL in rural areas. The Committee are of the opinion that stringent action should be taken against such officials and BSNL should take effective measures to arrest such undesirable tendencies.

Action Taken by the Government

As and when specific complaint in respect of collusion of serving BSNL officers with the officers of the private operators is received, necessary action is taken as per the procedure and law. So far as, any complaint regarding selling of diesel by the BSNL staff in Circle/Field Office is concerned, appropriate action is being taken against the erring employee. Regarding extending help to the private operators by retired BSNL employees is concerned, it is stated that retired BSNL employee can take up the job with the private operators only with the prior approval of the appropriate authority/Deptt. of Telecom.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 23)

The Committee observe that the Tenth Plan outlay for MTNL has been fixed at Rs. 11,955.46 crore, the year-wise breakup being

Rs. 3394.06 crore in 2002-2003, Rs. 2862 crore in 2003-04, Rs. 1523.80 crore in 2004-05, Rs. 1619.80 crore in 2005-06 and Rs. 1955.40 crore in 2006-07. But the outlays approved (RE) during the first four years of the period have been Rs. 7955 crore *i.e.* Rs. 2180 crore in 2002-2003, Rs. 2026 crore in 2003-2004, Rs. 2220 crore in 2004-05 and Rs. 1529 crore in 2005-06. The Committee are concerned to find that the actual expenditure in the first four years of the Tenth Plan period has been Rs. 1053.91 crore, Rs. 965.91 crore, Rs. 1038.48 crore and Rs. 1219 crore (anticipated) respectively. Falling price of equipment, limited opportunities available for the expansion in service areas of National acquisition as well as abroad, fierce market competition and dynamic and ambitious plan to meet the challenges have been cited as reasons for MTNL falling short in the actual expenditure during the aforesaid years. The Committee feels that these factors are the basis of planning an effective future strategy and if MTNL has failed in these areas they need to have a serious look at their workforce in the Planning division. The Committee, therefore, reiterate their recommendation of 2005-06 that MTNL should require some infusion of fresh talent into them to set good practice in planning, adopting cost effective measures, timing in tendering etc. The Committee are convinced that this is absolutely essential for the Eleventh Plan period. For the current fiscal, MTNL should concentrate hard on seeing how best it can perform in utilizing the balance amount of Rs. 7678.16 crore in the last year of the Tenth Plan period.

Action Taken by the Government

The growth strategy of MTNL is to:

- (i) Introduce new services in its area of operation.
- (ii) Start services in new areas.

The planning is done with this perspective. The plan targets are kept ambitious so as to explore all opportunities. However, expansion in new service areas also depends upon availability of opportunities both within India and abroad. The service provided by MTNL (Fixed, Mobile and broadband) are available on demand.

MTNL has taken following actions:—

- (i) Inducted Engineering Graduates at JTO level in Planning, Broadband, IT, Mobiles service etc.
- (ii) Inducted Management Graduates in Marketing, customer care and HR to infuse fresh talent.

- (iii) Introduced ILD and CDMA based services in Mauritius through its subsidiary and ILD services in Nepal through Joint Venture with other operators.
- (iv) Placed orders for approximately 18000 ports of Broadband DLC.
- (v) Taken steps to expand GSM capacity by 2 Million each in Delhi and Mumbai.
- (vi) Taken steps to introduce 3G Mobile service.
- (vii) Action has been taken to expand Broadband capacity in Delhi and Mumbai by 8 lakh lines.
- (viii) Floated tender for setting up content delivery network to offer video services to its broadband customers.
- (ix) Join hands with BSNL to lay submarine cable from East Coast of India to South East Asia and from West Coast of India to Middle East with ultimate aim to extend it to Europe and USA.
- (x) Action is also being taken to explore the possibility of starting services abroad in developing countries.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 24)

The Committee observe that the Tenth Plan approved target for provision of net new connections including WLL and cellular by MTNL was 27.57 lakh lines whereas the achievement as on 28 Feb., 2006, has been 13.34 lakh only. Similar shortfalls have also been observed in achievement of targets in Digital Loop Carriers (DLCs), Optical Fibre Cable (OFC) and PCUT cable replacement. The Department's statement that no shortfall in achievement of targets by the end of the Tenth Plan period is anticipated except a minor shortfall in case of new telephone connections due to a general decline in the demand for fixed line telephones does not convince the Committee in view of the performance of the Company in the first four years of the Plan period. Therefore, instead of leaving things to take their own course, MTNL should gear itself up to accomplish as much target as possible in the concluding year of the Plan period so that it builds up the confidence to meet the new challenges that are certain to merge during the next Plan period.

Action Taken by the Government

MTNL is taking all possible steps to achieve the 10th plan targets. MTNL has already added 2.04 lakh lines since March, 2006 reaching a total addition of 13.83 lakh lines against plan target of 27.57 lakhs. Efforts are being made to achieve the current year plan target of 8 lakhs net lines. In addition, 3 lakhs Broadband lines have been added till date.

Approximately 18000 ports of DLCs will be added in the current year with broadband capability. 18000 additional fibre kms have been planned in the current year.

Action has been started to procure approximately 12 LCKM PIJF Cable part of which will be used to replace PCUT cable as per requirement.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 25)

The Committee also feel that with the introduction of Broadband service, demand for fixed line is likely to grow and to cater to that, MTNL should take advance action to generate fresh demand by innovative marketing strategies and better customer care. In fact, the thrust on customer satisfaction and introduction of new services/ schemes for customer benefit should always remain the guiding business principle of the Company to withstand the fierce competition in the Telecom sector.

Action Taken by the Government

Seeing the popularity of MTNL Broadband services, MTNL has already floated tender for 500K Broadband ports in Delhi & placed orders for 300K lines in Mumbai. In view of prevailing market conditions, new schemes are being launched and innovative marketing strategies are being adopted to attract more broadband customers. Further, MTNL has launched a unified call centre to provide better customer care service for all its services. To further add value to MTNL Broadband services, MTNL has launched IPTV services on its ADSL network. The launch of video services will further fuel the growth of Broadband subscribers thereby reducing the churn in Fixed Line customers and in turn, help MTNL in achieving its targets both in terms of customer base as well as ARPU. Further, MTNL plans to

have its own Content Delivery Network (CDN) to offer customized bouquet of interactive content services to its customers and for this, a tender has already been floated.

MTNL is shortly going to commission its IP/MPLS core network to meet the huge bandwidth requirement for its Content Services, through its IP/MPLS network, MTNL will be able to offer better data services to its customers with stringent SLA, better security and end-to-end QoS thereby increasing customer satisfaction.

MTNL also plans to provide Broadband services through Wi-Fi, Wi-Max & 3G. It is in the process of setting up its Convergent Billing system to issue single bill for all types of services offered by MTNL and to meet the concept of single window for all types of customer needs.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 27)

The Committee note that ITI had initially envisaged an overall capital outlay of Rs. 790 crore for the Tenth Plan period. However, the same was reduced to Rs. 483 crore in view of the severe financial constraints being faced by the Company. The actual expenditure during the first three years of the Plan period has been Rs. 104.51 crore and for the year 2005-06 a commitment has been made upto Rs. 64.83 crore till 31st December, 2005. The Committee are informed that the overall anticipated capital expenditure of ITI during the Tenth Plan period would be Rs. 300 crore. The Committee also note that there have been shortfalls in the achievement of physical targets by ITI in Switching, Transmission and new products in the entire Tenth Plan period due to inadequate, delayed and no orders at all. Major reasons for reduced level of Capital Expenditure of ITI are reported to be expenditure restricted due to financial constraints, investment/expenditure limited to Government Grants due to non-availability of internal resources and investments deferred pending Government approvals for WLL, CDMA projects. Similarly, shortfall in achievement of physical targets has been attributed to relatively less and uncertain requirement of equipment due to the severe competition prevailing in the Indian Telecom Sector. In this context, the Committee would like to remind the Company that over the last few years they have been emphasizing the need for ITI to timely diversify its products, redeploy its huge manpower, cut down its social costs, have technological arrangements with more viable and potential partners etc. for creation of internal

resources, optimum utilization of the capital outlay and greater achievement of physical targets. They would also like to remind that in their reply, the PSU, in the year 2004-2005 had stated that the Company was trying hard to survive. The Company was expected to turnaround in two-three year's time with the support of Government and its sister PSUs. But, the Committee are constrained to find that the same bottlenecks still persist with no significant turnaround. The Committee recognize that the financial/physical targets/achievements by ITI are essentially dependent upon the market projections being contemplated/realized by the premier PSU service providers *viz.* BSNL & MTNL. But such targets/achievements equally hinge upon the Company's ability in keeping quality standards, meeting diverse requirements and this can be achieved through diversification/upgradation of the existing technologies and products as well as the R&D requirement for adoption/development of new products/solutions. Financial constraints due to inadequate internal resources are the inaptness of the PSU to come up to the demands for the Nation. A demand for another grant of Rs. 100 crore to enable the PSU to implement its projects/schemes is just not keeping in trend with what PSU had committed when it was earlier given a revival package of Rs. 508 crore. The Committee therefore urge ITI to take suitable urgent measures so that it is not treated as a sick PSU and referred to BIFR in spite of all the intervention provided by this Committee and the support of the Government, BSNL and MTNL. They desire that ITI should come out with a concrete policy within a period of one year as Government cannot go on financing a non-productive unit indefinitely.

Action Taken by the Government

1. Capital expenditure for the period 2002-03 to 2006-07: To achieve turn around of the Company by induction of new Technologies, a Capital outlay of Rs. 790 crore for the tenth Plan period was projected by ITI in November 2001. The capital outlay was projected during the transition period when the demand for fixed line was dropping and Mobile switching was picking up. The plan outlay was subsequently revised to Rs. 483 crore. The revision of capital outlay from Rs. 790 crore to Rs. 483 crore was because of heavy losses incurred by the Company during the period 2002-03 to 2005-06, thereby reducing its financial resources towards Capital expenditure. The available fund was channelised for operations of the Company. The delay on the part of BSNL/MTNL in introducing new technology into their network was also one of the constraints.

ITI has fully utilised the financial assistance given by Government for various technology infusion in the plants in line with the market demand. A demand for further grant of Rs. 100 crore has been made on the basis of further investment planned for the year 2006-07 on major projects like ADSL, WiMAX, Smart/SIM Cards, NGN Products etc., to acquire new technology and to keep in line with the developments in Telecom equipment.

Diversification of Products: ITI has diversified its business not only in the portfolio of its products but into service sector such as Installation and commissioning, Maintenance of equipments etc., thereby shifting the emphasis from exclusive manufacturing to providing Turnkey solutions. Share of Turnkey projects in total turnover is about 73% now.

In the area of product diversification, ITI also ventured into manufacturing of GSM network elements such as BTS (Base Terminal Station), SMPS (Switched Mode Power Supplies), Roof Top Towers (RTT), and Shelter. ITI is also planning diversification into secrecy equipment required for paramilitary forces like BSF, ITBP etc.

ITI has been always in the forefront on acquiring various technology and also upgradation of the existing technologies to keep in pace with the needs of the Indian Telecom sector. Details of Technology acquisition over the last three years is placed at Annexure.

Redeployment of manpower

ITI has re-trained and re-deployed some of the surplus manpower rendered surplus due to change in technology and business portfolio. Presently the re-deployment for various diversified business portfolio is given below:

Product	Manpower in Numbers
GSM - BTS manufacturing at Mankapur	600
GSM - BTS manufacturing at Rae Bareli	500
Shelter, Tower at Rae Bareli	291
SMPS at Rae Bareli	500
GSM Installation & Commissioning	900
WLL CDMA Installation & Commissioning	250
Antenna for GSM & WLL CDMA at Bangalore	40
Microwave for GSM at Bangalore	40

2. Economy measures to reduce social cost: ITI has adopted various economy measures to reduce the social cost. The various measures are as follows:

- The Electronic City Plant that was operating from Hosur Road in Bangalore has been merged with the Bangalore plant in Doorvani Nagar.
- The CISF has been withdrawn from Mankapur, Raebareli, Naini and Palakkad Plants.
- The Corporate office at a Prime area in City has been rented out and the same has been moved to ITI's own premises in Doorvani Nagar.
- Employees benefits like LLTC, Uniform Leave encashment, School fee reimbursement, Interest subsidies on Housing/ Vehicle loans etc. have been temporarily suspended/ withdrawn.
- Rationalisation of Transportation to employees, Restrictions on Travel, Medical reimbursement, Restrictions on participation on Cultural activities, Conferences and exhibitions.
- Suspension/reduction in Welfare measures to employees such as LTC, Interest subsidy on House loan and Vehicle loan, Encashment of leave, School fees to dependent children, Annual performance bonus, deferment of Time scale promotions.

After the revival package of December 2004 and various other measures being undertaken by Government, the health of ITI is improving. Its turnover in 2005-06 has been about Rs. 1800 crores. It is expecting to increase it to about Rs. 2,500 crores in 2006-07 and Rs. 3,000 crores in 2007-08.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

ANNEXURE

TECHNOLOGY ACQUISITION FOR LAST THREE YEARS

Product	Collaborator	Present status
1	2	3
GSM Eqpt. Mfg	Alcatel France	• Capacity to manufacture GSM-BTS for 3 million lines installed both at Mankapur & Raebareli plants. • Planned to increase the capacity to 6 million lines at Raebareli to supply anticipated order of 18 million lines from BSNL. • Export order will be executed by Mankapur. • Raebareli plant is also manufacturing Shelters and Roof Top Towers & SMPS required for GSM network. • Antenna & Microwave equipments required for GSM network are planned to be manufactured at Bangalore Plant. • Installation & Commissioning work for the West Zone is being done by redeploying the surplus manpower after imparting suitable training.
WLL-CDMA infra equipment manufacturing	ZTE China	• At present SKD level manufacture is being done at Bangalore plant. • Government approval for TOT for CKD level manufacture awaited.

1	2	3
IFWT	Xalted Bangalore	• SKD level manufacture is being done at Bangalore plant.
NGN-IP TAX	TEKLEK USA	• Government approval received for TOT. • Tender/Order awaited from BSNL.
SSTP	TEKLEK USA	• Initial order from BSNL for Rs. 19 Crs. supplied. Further order anticipated.
Smart/SIM card	G&D India	• The present capacity of 10 million Nos. is planned to be increased to 20 million Nos. to meet the anticipated additional demand of National ID card project.
ADSL-DSLAM Mfg.	ASB China	• A capacity of 2 million lines planned at Naini plant. • Government approval for TOT awaited.
SDH equpts (STMs 1,4,16)	Tejas India	• Available Orders are under execution by Naini Plant.
MLLN	Tellabs Denmark	• Available orders completed. Further orders anticipated.

Recommendation (Paragraph No. 29)

The Committee note that the urgency for coordination/vacation of Spectrum by Defence for the growth of mobile services as well as introduction of 3G services has been recognized at all levels. A Project Definition Team (PDT) has been constituted to work out the equipment and fund requirement for facilitating such coordination/vacation. The Team has already submitted its report in the last week of March, 2006 and the work on the Spectrum Policy is in progress taking into account all relevant aspects. As has been recommended in their Twenty-Eighth Report on 'Spectrum Management', the Committee once again stress the early need for a comprehensive and transparent Spectrum Policy so that the scarce resource is coordinated/vacated appropriately for the expansion of both GSM and CDMA cellular mobile services as well as for the introduction of 3G services. However, the Committee caution the Department that the release of additional spectrum should be after proper verification of the subscriber base of the GSM & CDMA operators and action under the terms and conditions of the licence should be taken against operators having ghost names in their list of subscribers.

Action Taken by the Government

- (a) The formulation of a comprehensive Spectrum Policy is under consideration, taking into account all relevant aspects, including those recommended by the Hon'ble Standing Committee.
- (b) For Implementing the report of the Project Definition Team (PDT) a Steering Committee has been constituted under the Chairmanship of Secretary, DoT in First week of May 2006.

Project Implementation Committee consisting of representatives from Air Force, Army, Navy, DoT, WPC, BSNL & MTNL constituted in April 2006.

Survey of 354 out of 366 sites completed.

Trenching work has been initiated by BSNL/MTNL. All concerned authorities have been requested for giving permission expeditiously for trenching/cabling for this project. Mumbai Municipal Corporation and Municipal Corporation of Delhi expressed reservation to underground laying of cable during Monsoon period.

Expression of Interest (EOI) for procurement of equipment floated on 2nd June 2006.

EOI details have been examined by Defence services, their suggestions are being incorporated.

(c) To further enhance the spectrum efficiency, “Active Subscribers” and “Peak traffic” averaged over a month have been prescribed as criteria for allotment of additional spectrum to telecom operators.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 30)

The Committee learn from various press reports that only 30 per cent of the sites/towers across the country are being shared amongst various telecom service providers. But the exact statistics about the percentage of towers being shared is not available with the Department. However, according to them such sharing has already started, particularly in the rural areas and the economic advantage of such sharing will encourage telecom service providers to move more in the direction. The Committee recommend the Department to make a study of the extent of sharing of towers among various telecom service providers, maintain a statistics thereof and based on that, sharing of towers/sites should be promoted and incentivised for its distinct economic advantage.

Action Taken by the Government

The Department has initiated action to promote sharing of towers in the urban areas and a scheme to promote creation of shared infrastructure in the rural areas is likely to be launched shortly.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 22 of the Chapter I)

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLY OF THE GOVERNMENT

Recommendation (Paragraph No. 9)

The Committee observe that out of Budgetary Estimate of Rs. 4.00 crore the final grant received by TEC was Rs. 79.46 lakh for the financial year 2004-2005. Observing the trend of expenditure of 2004-2005 and also that no targets had been fixed for 2005-2006, the Committee in their earlier Report on Demands for Grants had apprehended that there might be savings on the part of TEC out of the Budgetary Provisions of Rs. 1.13 crore for the year 2005-2006. The Committee note that the Budgetary Estimate was reduced to Rs. 12 lakh only and surprisingly the expenditure by TEC as on 28th Feb., 2006 was nil. The reasons for surrendering the entire amount have been stated to be non—availability of components, non—finalization of tenders, closing of projects etc. The Committee observe that there has been no constructive work with TEC for two consecutive years, whereas the TEC has a very vital and basic function of Standardisation and ensuring quality and performance of products offered by multiple suppliers to DoT. The Committee also stress that the BE of Rs. 1.00 crore for 2006-2007 is fully utilized towards upgradation of TEC intranet, procurement of Structural analysis system for tower, NGN Test Bed, procurement of Testing Tools and Accessories for CDMA and Wi-Fi Hotspot and other targets and procedural shortcomings do not come in the way of fulfilling targets.

Action Taken by the Government

It is rightly observed by the Committee that the TEC has a very vital and basic function of standardisation and ensuring availability of quality and products to assure proper performance of the network. TEC has very well achieved its functions of testing and certifying the products and networks conforming to various standards and technical

specifications formulated by it. The performance targets set by TEC were met fully as per the following details:

	Target Item	Year 2004-05	Year 2005-06
a.	New GR/IR formulated	56	42
b.	Existing GR/IR revised	159	80
c.	Test Schedule/Test Procedures	93	122
d.	Study Items	35	30
e.	Validations	3	9
f.	Type Approval	369	*
g.	Interface Approval	223	154
h.	Network Approval	56	191
i.	Revenue earned	Rs. 1,031.27 Lakhs	Rs. 671.55 Lakhs

*Type Approval work for BSNL transferred to BSNL QA

Just because there were delays in execution of certain projects, it may not be pertinent to construe that “there has been no constructive work with TEC for two consecutive years” as TEC has performed well in its core area. The projects of upgradation of TEC Intranet, procurement of Structural analysis system for towers, NGN Test-bed procurement of Testing tools and accessories for CDMA, and Wi-Fi Hotspot were basically formulated to further enhance the performance of TEC by imparting training to the staff, and build platforms to study the relevant technologies. It is once again submitted that delay in execution of these projects has in no way affected the targets for the core activities.

However, the present position of the aforesaid projects is as under:

Project and purpose	Estimated Cost	Present position and Action taken
1	2	3
Upgradation of TEC Intranet for improving intra-group and inter-group interaction	Rs. 7.31 Lakhs	Considering that no bids were received from the 12 purchasers of the document, the specifications have been revised to elicit better response to smaller jobs rather than on a single turn-key project.

1	2	3
Procurement of Structural analysis system for towers for training of staff	Rs. 2.73 Lakhs	An amount of Rs. 91.682 was spent on the procurement of software in March 2004. Existing hardware has been utilised for carrying out analysis work. Accordingly, the project was short-closed in September 2005.
NGN Test-bed for testing equipment to be inducted in near future	Rs. 4.52 Lakhs	First phase of procurement of Soft-switch has been completed with the assistance of ITU amounting to US\$ 42576. For the second phase, the main testing equipment is VoIP performance analyser. The tender specifications have been finalised and the tenders have been opened on 19.9.2006.
Procurement of Testing tools and accessories for CDMA for study and training of staff	Rs. 71.5 Lakhs	Equipment worth Rs. 1.7 Lakhs received on 31.3.2006. Major works have been scheduled for the year 2006-07.
Wi-Fi Hotspot for carrying out studies and training of staff	Rs. 3.91 Lakhs	Part of the equipment was received on 29.3.2006. and the balance equipment was received on 5.6.2006, amounting to Rs. 3.48 Lakhs. The delay in installation is mainly due to non-availability of 2 mbps leased line. Currently, installation is underway using the standby arrangements of existing infrastructure.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (Paragraph No. 5)

The Committee note that as on 31 December, 2005, the overall teledensity of the country stood at 11.32 per 100 population, the urban-rural breakup being 34.77 and 1.79 respectively. Commercial unviability of providing communication infrastructure in rural areas and lack of infrastructure coupled with irregular power supply and difficult topography have been cited as reasons for the unimpressive growth of rural telephony. Provision of rural fixed line individual connections in 1,685 commercially unviable Short Distance Charging Areas (SDCAs) with support from Universal Service Obligation fund and provision of shared infrastructure for mobile services in rural areas are some of the measures reportedly being taken by the Department to facilitate speedy penetration of telecom services in rural areas. The Committee recognize the fact that the private sector, displaying dynamism and entrepreneurial spirit, has played a significant role in the growth of telecom services in the country. But that spirit has largely been confined to the urban areas as a result of which the teledensity in rural areas has remained abysmally low. The Committee, therefore, desire that the dynamism and entrepreneurial skill displayed by the Private Telecom Service Providers in the urban areas should be extended to the rural areas also in order to give a fillip to the spread of telecommunication services in such areas. The Department, on their part, should make elaborate plans and extend all possible support to the service providers in this regard to tap the immense rural potential so that the growth of rural telephony keeps pace with the impressive growth in urban connectivity.

Action Taken by the Government

Tenders were floated for extending subsidy support for installation, operation and maintenance of individual rural household DELs (RDELs) in 1685 eligible SDCAs out of the total of 2647 SDCAs in the country, where cost of providing telephone connection is more than the revenue earned. This covers about 64% of the total geographical area covered by telecommunications. A total number of 7 Service Providers

participated in the tendering process and there was taken competition amongst the bidders. As an outcome of the competitive bidding, agreements were signed in March 2005 with four successful bidders, namely, M/s BSNL, M/s RIL, M/s TTL & M/s TTL (MH) for provision of RDELs after 01.04.2005. The share of SDCAs amongst M/s BSNL, M/s RIL, M/s TTL and M/s TTL (MH) is 1267, 203, 172 and 43 SDCAs respectively. About 7,47,151 RDELs have been provided by M/s BSNL (4,40,286), M/s RIL (75,510), M/s TTL (2,02,217) and M/s TTL (MH) (29,138) till July, 2006.

The growth in urban areas has come primarily through mobile telephones. It is cheaper to provide mobile connections and the roll out is faster. With this in mind, the proposal regarding extension of subsidy support for creation of infrastructure to provide mobile services in rural and remote areas has been got approved. Subsidy support is proposed to be provided for shareable components like land, tower, power connection, power back up, boundary wall etc. and for non-shareable components like outdoor BTS with antennas and a portion of the backhaul. The infrastructure shall be created in those specified areas where there is no existing mobile coverage and the same shall be shared amongst the telecom service providers. While a bill to amend Indian Telegraph Act has been introduced in Parliament, the President has promulgated an ordinance "The Indian Telegraph (Amendment) Ordinance, 2006" to amend Section 3 of Indian Telegraph Act, 1885 thereby extending subsidy support for creation of infrastructure to promote mobile services in rural and remote areas.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 7 of the Chapter I)

Recommendation (Paragraph No. 16)

The Committee observe that during the years 2003-2004, 2004-2005 and 2005-2006, the Plan outlays proposed Bharat Sanchar Nigam Limited (BSNL) were Rs. 14,719 crore, Rs. 14,777 crore and Rs. 15,081 crore respectively whereas the approved BEs for the corresponding years were Rs. 12,285 crore, Rs. 8809 crore and Rs. 9696 crore. Finally the approved REs for the said years were Rs. 10,608 crore, Rs. 6636

crore and Rs. 15,463 crore respectively. The Committee note with concern that the Actual Expenditure in 2003-2004 was Rs. 6536.80 crore and in 2004-2005 it was Rs. 7445.66 crore exclusive of spectrum charges & license fee. The Committee are informed that the expenditure position of 2005-2006 would be known only after the accounts are compiled for that year. Non completion of Projects/Schemes has been cited as the reason for lesser expenditure during the aforesaid years. The Committee are further informed that BSNL HQ is monitoring the project implementation by taking feedbacks at regular intervals for timely intervention as well as by ensuring timely availability of funds, equipment and other resources to the Telecom. Circles to ensure optimal utilization of the 2006-2007 BE amount of Rs. 16,931 crore. The Committee are surprised to observe the lesser expenditure by BSNL *vis-a-vis* the approved outlays over the last two/three years when competition in the telecom Sector has reached its peak. The Committee have always been advocating BSNL's causes mainly for its contribution towards rural telephony and persistently impressing upon the Govt. to extend all possible support to the Company for its roll out plan. And with so much support *i.e.* reimbursement of full license fee and spectrum charges, exemption from payment of dividend of Preference of Equity, Share Capital, moratorium on repayment of principal and interest on the Govt. loan and provision of funds through USOF for rural telephony etc. the Committee find no reason for BSNL lacking in any respect, least of all non-completion of projects/schemes even after making funds available. The Committee, therefore, impress upon the BSNL to stick to a strict and tight schedule and take all other corrective measures to ensure timely completion of Projects/Schemes targeted during the year 2006-2007 and thereby utilizing fully the outlay proposed for the fiscal.

Action Taken by the Government

The actual capital expenditure incurred during 2005-06 was Rs. 7248 crores against RE sanctioned for Rs. 15463 crores. This is due to non-completion of some of the project in time and therefore, non release of payments against such projects. BSNL, being a Public Sector Undertaking, has to follow transparent departmental procedure which certainly takes more time.

Regarding full utilization of funds during 2006-07, all efforts are being made to minimize procedural delays and thus completing the

projects in time. Since major thrust is on Cellular Mobile, BSNL has set up project coordination team in each of the circles which is monitoring these projects on daily basis. Also, BSNL Head Quarter is regularly monitoring the project through weekly reports and through monthly zonal meetings. BSNL is also pursuing the matter with WPC for availability of spectrum and with respective agencies for timely availability of power connections, land and permission for installation of towers.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 10 of the Chapter I)

Recommendation (Paragraph No. 18)

However, as regards achievement of targets in Assam, North-Eastern Region and TSP areas, the Committee are concerned to note that shortfalls are anticipated by the end of the 2005-2006 fiscal in respect of VPTs in Assam and in respect of VPTs, DELs and OFC in North-East Region and Tribal Sub Plan (TSP) areas. Difficult terrain including the geographical and topographical circumstances and non receipt of additional equipment from the vendors have been reported as reasons for anticipated shortfalls in achievement of 2005-2006 targets. The committee are informed that action has been taken to finalize the tenders well in advance and supply of equipment by the vendors is regularly monitored at the Headquarter as well as at the circle levels in order to ensure the targets fixed for these areas during 2006-2007 are achieved on time. The Committee feel that while difficult topographical conditions will remain a permanent and natural hindrance in these areas, procedural constraints like non-receipt of equipment in time should not come in the way of providing telecom services there. They, therefore, impress upon both DoT and BSNL to take advance corrective measures accordingly and follow up the same with regular monitoring so that the targeted telecom services for the year 2006-2007 are timely provided in the North-East Region including Assam as well as the TSP areas. The committee also desire that the fund requirement in this regard, which has not yet been estimated, may be worked out soon in order to avoid any last minute hitch to carry out the programmes in these areas.

Action Taken by the Government

(i) Targets and Achievements in Assam, NE-I and NE-II Telecom Circles for the year 2005-06 are given below:

Sl.No.	Item	Assam		N.E.-I		N.E.-II	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	DELS	1,41,119	2,51,531	48,881	51,696	48,952	93,467
2.	VPTs	2,050	1,759	425	9	200	39
3.	Internet	11,017	3,143	5,749	4,590	6,330	4,746
4.	Broadband	5,000	3,915	1,500	1,022	750	360
5.	OFC Laid (RKM)	600	635	1,000	528	1,000	115
6.	TAX (KC)	13	13	4	4	7	7

(ii) Targets and Achievements in Assam, NE-I and NE-II for the year 2006-07 (upto 30.06.2006) are given below:

Sl.No.	Item	Assam		N.E.-I		N.E.-II	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	DELS	41,200	60,157	63,300	17,625	54,200	36,462
2.	VPTs	2,675	597	600	0	450	82
3.	Internet	5,500	1,314	4,200	411	5,700	582
4.	Broadband	5,800	1,201	2,100	199	2,100	37
5.	OFC Laid (RKM)	710	308	270	89	270	101
6.	TAX (KC)	20	16	6	0	2	0

Status of availability of equipment as on 30.06.2006 is given below:

Sl.No.	Item	Assam	N.E.-I	N.E.-II
1.	Under Ground Cable (LCKM)	3.48	0.99	0.73
2.	Exchanges equipment	10,000	—	—
3.	WLL equipment	2,250	56,250	14,250
4.	Cellular mobile equipment	30,000	55,000	36,500
5.	Broadband equipment (Ports)	0	1,340	3,768
6.	Tax equipment (Kilo Circuits)	33	0	10

In addition to above, following equipment has been ordered.

- (a) 4.14 LCKM Under Ground Cable for Assam
- (b) 34,500 lines of WLL equipment for Assam
- (c) 10,00 Ports Broadband equipment for Assam

The Funds allocated in respect of Assam, NE-I and NE-II Circles for the year 2006-2007 are given below:

Sl.No.	Circle	Funds Allocated (In Rs. Crores)
1.	Assam	452.00
2.	NE-I	229.00
3.	NE-II	255.00

(iii) Targets and Achievements in TSP Areas for the year 2005-06 and 2006-07 (upto 30.06.2006) are given below:

Sl.No.	Item	2005-06		2006-07	
		Target	Achievement	Target	Achievement
1.	Telephone Exchange (Nos)	20	30	16	4
2.	DELS (Nos)	10,08,393	9,81,110	14,48,696	1,93,580
3.	VPIs (Nos)	10,119	2,605	9,423	107
4.	OFC laid (RKMs)	4,134	1,129	3,149	209
5.	Satellite Station (Nos)	22	1	44	Nil

For TSP areas, equipment is deployed but the circle as per requirement from its total allotment. The Fund requirement in respect of TSP Areas for the year 2006-07 is Rs. 594.24 Crores.

[Ministry of Communications & Information Technology/Department of Telecommunications O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 13 of the Chapter I)

Recommendation (Paragraph No. 21)

The Committee note that the accumulated outstanding arrears of BSNL for Basic Telephone (including WLL) as on 31.12.2005 are

Rs. 3392.10 Crore. Similarly, the outstanding arrears of the cellular mobile services are Rs. 559.20 Crore. An amount of Rs. 22.16 Crores has been written off during 2005-06 as whereabouts of the subscribers were not traceable after observing necessary departmental formalities. Although, a number of measures like timely issue of telephone bills, monitoring of liquidation of dues by senior officers, filing of civil suit against the defaulters etc. are reportedly being taken by the company to recover the outstanding dues, yet the Committee are not satisfied with these efforts because approximately, an amount of Rs. 4000 crore is outstanding against the defaulting subscribers as on 31st December, 2005. Considering the amount at stake, the Committee urge upon BSNL to take recourse to other effective methods for early recovery of the outstanding dues.

Action Taken by the Government

The outstanding dues of Telephone Bills as on 31.03.06 are Rs. 3736.04 crores (**Rs. 3299.46 crores for landline services and Rs. 436.58 crore for mobile services**). BSNL was able to reduce Rs. 92.64 crore outstanding of Basic services just in 2 months against issue of bills of Rs. 3169.13 crores during Feb-06 to Mar-06.

It is further submitted that the outstanding dues do not belong to one particular year but have accumulated over a number of years. The Telecom market has undergone change over the past 10 years. Deregulation and increase in number of service providers, has made it easier than ever before for the customers to switch between service providers so that disconnection is no longer a threat as it once was. An incumbent operator like BSNL, who, in a monopoly environment was able to use threat of disconnection to ensure payment, suddenly found that its customer base was able to switch over to other service providers, leaving unpaid bills behind. Also few customers come forward for reconnection after disconnection, as they are able to switch over from landline to Mobile/Land line of other operators.

If the outstanding dues as on 31.03.2006 is compared with total cumulative billing from 1991-92 to 2005-06, the % age of outstanding dues to total billing during the period is less than 2% (1.62%). However, BSNL is very much aware of its outstanding dues and is taking all necessary steps for recovery of the same:—

1. Instructions have been given for separate monitoring of Billing & Collections of High Callers who contribute major revenue for the department.

2. The phone is permanently closed after 3 months from the date of disconnection. If outstanding can be adjusted against deposit, it is adjusted and the balance deposit is refunded to the customer. If outstanding is more than the deposit; the balance outstanding amount after adjusting deposit is transferred to pursuit cell for recovery. Instruction have been issued to the circles to hold meeting of liquidation boards and high power committees on time and at regular intervals and give suitable directions for recovery and write off of dues, which seems irrecoverable. Recovery and write off policies are being reviewed and monitored so that pace of liquidation and recovery is increased.
3. The State Governments have been requested to amend land revenue act so that Telephone bill defaulter is also treated as land revenue defaulters.
4. BSNL Head Quarters has authorised Heads of circles to Appoint Private Recovery agents etc. on commission basis to assist BSNL in recovery. State Governments have also been taken into confidence to assist BSNL in recovery of outstanding dues.
5. Instructions have been issued to the circles for payment of discount ranging between 10% to 20% to subscribers on payment of outstanding dues of over 2 years.
6. Existing Write off policy is also being modified for simplification of write off procedure and delegating more powers to circles to write off dues expeditiously. The trend of accumulation of outstanding may not be seen in years to come as company's major chunk of revenue shall be realized in advance through pre-paid services being introduced in fixed line segments.
7. Instruction has also been issued to the circles/SSAs to authorize them to settle the cases of defaulters (including court cases) through **Lok Adalats or through out of court cases** by offering the discount package between 10% to 20% for 2 years old outstanding dues along with waiver of interest and adjustment of legal expenses with discount.
8. Pre-paid service has also been introduced to increase collection efficiency and to minimize instances of default by subscribers.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 16 of the Chapter I)

Recommendation (Paragraph No. 26)

The Committee are deeply concerned to note that the outstanding arrears of telephone bills in Delhi and Mumbai, as on 28th February, 2006 was Rs. 1,330.64 crore, the break up being Rs. 1,110.13 crore for Fixed lines, Rs. 82.67 crore for CDMA mobile and Rs. 137.84 crore for GSM mobile phones. The Committee also observe that during the years 2003-04 to 2005-06 (upto 28th February, 2006) an amount of Rs. 36.90 crore has been written off as some of the defaulting parties were not traceable and some disputed the bill amount. A number of measures are reportedly being taken by MTNL to recover the outstanding dues. Such measures include creation of correct and timely commercial data, reconciliation of calls generated and calls billed, facilitating greater customer convenience for smooth payments, introduction of a convergent billing system and billing Audit and constitution of two-tier Task Force for proper monitoring. The Committee are surprised to find that despite such measures initiated by the Company the menace of outstanding arrears has not eased, rather, it has worsened over the years. The Committee are inclined to conclude that MTNL is, perhaps, lacking in the implementation and monitoring aspects. The Committee, therefore, recommend company to further strengthen its monitoring system besides taking other prudent but practical measures to recover the outstanding telephone dues from the defaulting subscribers.

Action Taken by the Government

Due to concerted efforts of MTNL to reduce outstanding dues, there has been substantial reduction of old outstanding **pertaining to Basic Services and CDMA** to the tune of Rs. 205 crore (pertaining to period prior to 31.03.2005) in the Financial Year 2005-2006 wherein the outstanding dues of Rs. 1163 crore up to 31.03.2005 were reduced to Rs. 958 crore as on 31.03.2006. This is a reduction of 17.63%.

In respect of GSM it is mentioned that the rate of increase in outstanding dues of GSM has been arrested since billing system has further stabilized. Concerted efforts are being made to reduce the outstanding dues of GSM through regular issues of bills, bill alerts through SMS, etc.

With increased efforts to recover outstanding, the outstanding upto 28.02.2006 came down from Rs. 1330.64 crores to 1272.67 crores, *i.e.* a **reduction of Rs. 57.97 crores** by 31.03.2006. The details are as follows:—

Services	As on 28.02.2006 (Rs. in Crores)	As on 31.03.2006 (Rs. in Crores)	Reduction in outstanding during March, 2006 (Rs. in Crores)
Basic Services	1110.13	1053.25	56.88
CDMA	82.67	82.15	0.52
GSM	137.84	137.27	0.57
Total	1330.64	1272.67	57.97

For the first time in years, the trend of increasing outstanding was reversed. The **overall (Basic & CDMA) reduced from Rs. 1163 crores as on 31.3.2005 to Rs. 1135 crores as on 31.3.2006.**

Therefore, it can be seen that the outstanding dues have come down during the Financial Year 2005-2006 due to the concerted efforts made by MTNL.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Comments of the Committee

(Please see Paragraph No. 19 of the Chapter I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES ARE OF INTERIM NATURE

Recommendation (Paragraph No. 28)

The Committee note that the estimated sectoral Access Deficit Charge from 1st February, 2005 to 31st January, 2006 has been Rs. 5669 crore out of which the estimated share of BSNL is Rs. 4954 crore. The Committee also observe that TRAI has issued an IUC Regulation on 23rd February, 2006, as a result of which the estimated sectoral ADC from 1st March, 2006 to 28th February, 2007 has been calculated at Rs. 3335 crore, BSNL's share being Rs. 3200 crore. Thus, TRAI's Regulation which has been implemented *w.e.f.* 1st March, 2006 has reduced the ADC to be paid to BSNL. The Company has, therefore, filed an appeal in TDSAT against reduction of ADC and termination charges. The Committee would expect BSNL to pursue their claim to its logical conclusion. They would also like to be apprised of the decision of the TDSAT, and its ramifications upon BSNL's roll out plan, particularly rural telephony.

Action Taken by the Government

In its IUC Regulation dated 06.01.2005, which was implemented *w.e.f.* 01.02.2005, TRAI had made a provision of total sectoral ADC of Rs. 5669/- crores for the period from 01.02.2005 to 31.01.2006 out of which a provision of Rs. 4954/- crores was made as ADC to BSNL. In its IUC Regulations dated 23.02.2006, TRAI has made a provision of Rs. 3335/- crores as the total sectoral ADC for the period from 01.03.2006 to 28.02.2007 out of which a provision of Rs. 3200/- crores has been made for BSNL. This Regulation of TRAI has been implemented *w.e.f.* 01.03.2006. Thus TRAI has reduced the provision of ADC.

After implementing the IUC Regulation dated 23.02.2006 in its network *w.e.f.* 01.03.2006, BSNL on 10th March 2006 represented to TRAI against the reduction of ADC amount to BSNL and requested for restoration of full ADC amount to BSNL for the period 01.03.2006 to 28.02.2007. This representation of BSNL was turned down by TRAI. BSNL, being aggrieved by reduction of its ADC amount and non-consideration of its representation by TRAI for restoration of full ADC amount, challenged the TRAI's IUC Regulation dated 23.02.2006 in

Hon'ble TDSAT. This Appeal of BSNL has been admitted by Hon'ble TDSAT but no interim relief has been granted. This appeal is being sincerely pursued by BSNL and is presently *sub-judice* in Hon'ble TDSAT.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 31)

The Committee observe that on 6th March, 2006, the Supreme Court has passed an order that the Union of India must take steps and call a meeting of the Cellular and basic service operators and discuss with them the machinery to ensure that unsolicited calls are not received. Accordingly, on 13th March, 2006, the Ministry of Communications & Information Technology chaired a meeting with the telecom operators who offered their comments to address the issues. The Committee while examining last year's Demands for Grants, had impressed upon the Government to bring out suitable legislation to put an end to unsolicited calls. The Committee are again of the opinion that it is high time the Government addressed the issue so that telephone subscribers are protected from this avoidable nuisance.

Action Taken by the Government

After analyzing the suggestion/comments of service providers in regard to curbing unsolicited calls, it was decided to bring out a suitable legislation in consultation with the Legislative Department (Law Ministry) for addressing the problem of undesirable calls/messages. Accordingly the case is under process.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 32)

The Committee note that TRAI has recently given its recommendations on Convergence and Next Generation Network (NGN) and the same are under consideration of the Department. This Committee have also examined the Convergence Bill, 2001 in detail and have given their recommendations accordingly in their Thirty-ninth Report (Thirteenth Lok Sabha). In today's convergent scenario, they feel that Convergence and NGN should be encouraged and facilitated so that voice and broadband connectivity is increased and multiple services are delivered through one wire and a single wireless system.

Action Taken by the Government

Recommendations given by TRAI on Convergence and Next Generation Network (NGN) are being examined in this department.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 33)

The Committee note that the Telecom Regulatory Authority of India (TRAI) has recently issued show cause notices to six private mobile operators for deterioration in congestion level in their Point of Interconnections (POIs). The Committee also observe that the Cellular Operators Association of India (COAI) and some of the operators have filed an appeal to the TDSAT against TRAI's show cause notices. The Committee are of the opinion that the quality of service provided by the mobile operators, including that of BSNL and MTNL, cannot and should not be compromised under any circumstances. However, they would like to be apprised of the verdict of the TDSAT in this regard.

Action Taken by the Government

The Telecom Regulatory Authority of India (TRAI) in exercise of the powers conferred upon it under TRAI Act, 1997, issued a direction on 29th November, 2005 directing some Cellular Mobile Service Providers to ensure, by 31st December, 2005, that the Quality of Service parameters in their network should be strictly within the benchmark laid down by the Authority for the various parameters in the Regulation on Quality of Service of Basic and Cellular Mobile Telephone Services, 2005. The Cellular Operators Association of India (COAI) and some of the Cellular Mobile Service Providers have filed an appeal before the Hon'ble TDSAT against the above direction. The matter is still *sub-judice*. The next date of hearing in this matter is 21.11.2006.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

Recommendation (Paragraph No. 34)

The Committee note that TRAI in its directive dated 27th February, 2006 has directed the private GSM operators to discontinue the differential tariff, wherein the tariff for calls terminating in the mobile networks of BSNL/MTNL are being charged at a higher rate compared to calls terminating in the networks of private mobile operators in the States of Maharashtra, Tamil Nadu, West Bengal and Uttar Pradesh. To say it simply, the arrangement for dialling and routing of calls

from mobile to mobile and fixed to mobile telephones in the above mentioned four States were different when compared to other States in India. As it was an aberration and against the public interest, the Committee highly appreciate the directives of TRAI which corrected the anomalies and hope that the Regulatory Body will keep up the commendable job.

Action Taken by the Government

In this para, the Standing Committee has appreciated the direction issued by TRAI and no further action is required to be taken in this matter.

However, the Standing Committee is informed that the Cellular Operators Association of India (COAI) has challenged the above direction of TRAI in the Hon'ble TDSAT and the matter is *sub-judice*. The next date of hearing in this matter is 16.11.2006.

[Ministry of Communications & Information Technology (Department of Telecommunications) O.M. No. 16-12/2006 B, dated 2.11.2006]

NEW DELHI;
20 March, 2007
29 Phalguna, 1928 (*Saka*)

NIKHIL KUMAR,
Chairman,
Standing Committee on
Information Technology.

ANNEXURE I

MINUTES OF THE TWELFTH SITTING OF THE STANDING
COMMITTEE ON INFORMATION TECHNOLOGY (2006-07)

The Committee sat on Tuesday, the 20th March, 2007 from 1500 hrs. to 1600 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Nikhil Kumar — *Chairman*

Lok Sabha

2. Shri Abdullakutty
3. Shri Tathagat Satpathy
4. Shri Narahari Mahato

Rajya Sabha

5. Shri Praveen Rasthrpal
6. Shri Ravi Shankar Prasad
7. Shri Motiur Rahman
8. Shri Eknath K. Thakur
9. Shri Shaym Benegal

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri Cyril John — *Deputy Secretary*
3. Shri A.K. Ahluwalia — *Under Secretary*

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee, then took up for consideration the following Draft Reports and adopted the same:—

(i) ***

- (ii) Draft Report on Action Taken by Government on the Recommendations/Observations of the Committee contained

in their Thirtieth Report on “Demands for Grants (2006-07)” relating to the Ministry of Communications and Information Technology (Department of Telecommunications).

(iii) ***

3. The Committee, then, authorised the Chairman to finalize and present the Reports to the House on a day convenient to him.

The Committee, then, adjourned.

ANNEXURE II

[Vide Paragraph No. 5 of Introduction]

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON
THE RECOMMENDATIONS/OBSERVATIONS CONTAINED
IN THE THIRTIETH REPORT (FOURTEENTH
LOK SABHA) OF THE COMMITTEE

- (i) Recommendations/Observations which have
been accepted by the Government:
Para Nos: 1, 2, 3, 4, 6, 7, 8, 10, 11, 12, 13,
14, 15, 17, 19, 20, 22, 23, 24, 25, 27, 29 & 30

Total : 23

Percentage : 67.6%

- (ii) Recommendations/Observations which the
Committee do not desire to pursue in view
of the reply of the Government:
Para Nos: 9

Total : 1

Percentage : 2.9%

- (iii) Recommendations/Observations in respect
of which replies of the Government have
not been accepted by the Committee and
which require reiteration:
Para Nos: 5, 16, 18, 21 & 26

Total : 05

Percentage : 14.7%

- (iv) Recommendations/Observations in respect
of which replies are of interim nature:
Para Nos: 28, 31, 32, 33 & 34

Total : 05

Percentage : 14.7%